

By email to ED3@ofgem.gov.uk

3 December 2025

Response to ED-3 Sector Specific Methodology Consultation

I am writing to respond to your [ED-3 Sector Specific Methodology Consultation](#), on behalf of Northumbrian Water. This short response provides feedback on the climate change proposals (from 6.47 in the document) and the reliability proposals (from 6.90 in the document) as this has a major impact on our operations as a provider of water and wastewater services.

Energy company resilience to climate change has a specific impact on water company assets which rely on power – particularly for pumps and operating water treatment works and wastewater treatment works. A loss of power stops these pumps from working can lead to pollution incidents when flows build up at our pumping sites and eventually wastewater spills into the environment. We have seen an increasing number of pollution incidents with power failures as their root cause, with 27% of our incidents now attributed to this. We expect this to continue to rise based on our experience.

We can partly solve this by providing our own back-up power supplies, for example through fixed and portable generators, and we do this already. Although providing this at source is the only method available to us, it is unlikely to be the most efficient method and could overlap with improvements made by our energy provider (Northern Powergrid) now and in the future. We want to ensure that we find the most efficient solutions, across our own operations and those of the DNO, to addressing the impact of the power resilience challenges that we face. This will best protect both energy and water consumers.

At our recent price control, PR24, we highlighted these issues with cascading infrastructure failures and noted that there was no independent or regulatory standard set for power resilience. The NIC recognised this issue in its Second National Infrastructure Assessment and recommended to Government that it should require regulators to put in place a system for cross sector stress testing which addresses interdependencies and the risk of cascading failures (and we can see that Ofgem is now implementing this). This had not yet happened, and the standard set for DNOs allows for short duration power outages and outages associated with extreme weather events – and so there will still be pollution incidents at our assets resulting from power loss.

We welcome Ofgem's proposed approach to climate change (set out in 6.53 of the consultation document). We would strongly support a clear resilience standard that energy network companies are expected to deliver. The impact of short interruptions is not felt evenly by all users and having a standard

that promoted the resilience of supplies for critical infrastructure, including wastewater treatment works and sewage pumping stations would seem sensible to consider. In the absence of any such standard it is difficult for us in conjunction with our economic regulator to efficiently provide power resilience at our sites as we do not know what the baseline level of service that should be expected now or in the future.

This would help water companies and Ofwat to have a common understanding of the level of power resilience that should then be provided by water companies, and so allow for investment programmes to be efficiently developed. To be clear, we do not think Northern Powergrid should be entirely responsible for power resilience at these sites (and we are not suggesting that it is not meeting its responsibilities currently).

Without such a standard, and with continued uncertainty about the level of resilience that water companies should be responsible for, we think it will be very difficult indeed to establish the need for future power resilience investments in the water sector – for both water companies, and Ofwat.

Addressing this resilience standard could be done through the inclusion of short interruptions within the IIS incentive or the creation of a new targeted incentive for these. These interruptions still cause significant operational and environmental harm as the equipment must be reset before it can resume pumping wastewater. As Ofgem notes in its consultation, this issue is likely to worsen “We anticipate that the frequency of short-term interruptions will increase over the coming years due to emerging challenges”.¹ Although short in duration, these interruptions are still costly for us and other network users so it is important that the DNOs have the right incentives to address the issue.

We encourage you to include a resilience standard within your work for infrastructure such as wastewater treatment works and sewage pumping stations and to incentivise the reduction of short interruptions, and to discuss with Ofwat how these risks of cascading infrastructure failures should fairly be distributed between water companies, energy companies, and their customers.

Yours sincerely,



Andrew Beaver, Regulation & Assurance Director

¹ [ED3 Sector Specific Methodology Consultation](#), para 6.99